

COLUMBUS COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2007

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Columbus Community School District

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Education (Before September 2006 Election)</b>		
Mike Braun	President	2006
Marsha Gerot	Vice President	2006
Ed Smith	Board Member	2007
Dan Peters	Board Member	2008
Georgia Kost	Board Member	2008
<b>Board of Education (After September 2006 Election)</b>		
Mike Braun	President	2009
Marsha Gerot	Vice President	2009
Ed Smith	Board Member	2007
Dan Peters	Board Member	2008
Georgia Kost	Board Member	2008
<b>School Officials</b>		
Rich Bridenstine	Superintendent	2007
Tanya Purdy	Business Manager/ District Secretary	2007
Gruhn Law Firm	Attorney	2007

# **NOLTE, CORNMAN & JOHNSON P.C.**

## **Certified Public Accountants**

(a professional corporation)

117 West 3rd Street North, Newton, Iowa 50208-3040

Telephone (641) 792-1910

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education of the  
Columbus Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Columbus Community School District, Columbus, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Columbus Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 20, 2008 on our consideration of Columbus Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 13 and 37 through 38 are not required parts of the basic financial statements, but are supplementary

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information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Columbus Community School District's basic financial statements. Another auditor previously audited the financial statements for the three years ended June 30, 2006, (none of which are presented herein) in accordance with the standards referred to in the second paragraph of this report, and unqualified opinions were expressed on those financial statements. The supplemental information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Nolte Cornman & Johnson PC*  
NOLTE, CORNMAN & JOHNSON, P.C.

February 20, 2008

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Columbus Community School District provides the Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2007 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$8,685,393 in fiscal 2006 to \$9,147,210 in fiscal 2007, while General Fund expenditures increased from \$8,693,418 in fiscal 2006 to \$8,862,064 in fiscal 2007. Since the increase in General Fund revenues was more than enough to offset the increase in General Fund expenditures, this resulted in an increase in the District's General Fund balance from \$383,562 in fiscal 2006 to a balance of \$668,708 in fiscal 2007, a 74.34% increase from the prior year.
- The increase in General Fund revenues was attributable to increases in state and local sources in fiscal 2007. The increase in expenditures was due primarily to increases in negotiated salaries and benefits for District employees.
- Since the end of fiscal year 2005, the District's General Fund carryover balance has increased from \$391,587 to \$668,708 as of the end of fiscal year 2007, which represents a 70.77% increase during the time frame.
- As of the year ended June 30, 2007, the District had a solvency ratio of 7.06% as compared to a solvency ratio of 4.42% for the year ended June 30, 2006.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Columbus Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Columbus Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Columbus Community School District acts solely as an agent or custodial for the benefit of those outside of School District.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor funds. In addition, the Schedule of Expenditures of Federal Awards provides detail of various programs benefiting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**  
**Columbus Community School District Annual Financial Report**

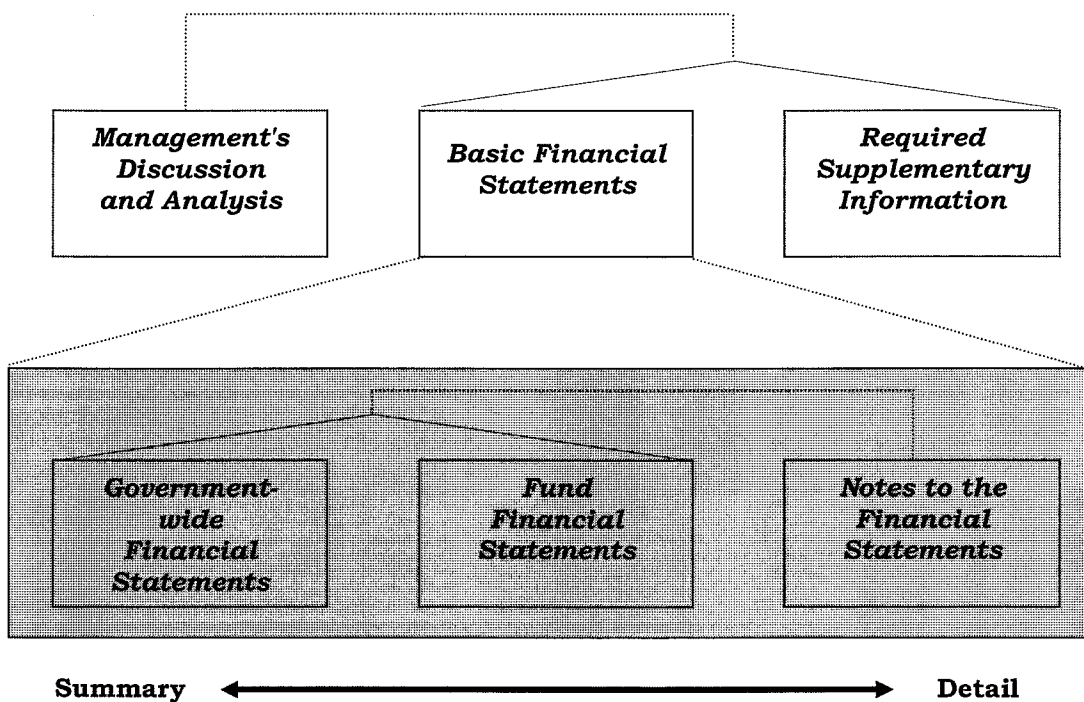


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2**

***Major Features of the Government-Wide and Fund Financial Statements***

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses, e.g., food service	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## **REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES**

### **Government-wide Financial Statements**

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.



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The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business-type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program, greenhouse program and pool program are included here.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds and Capital Projects Fund.

The required financial statements for the governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise funds, one type of proprietary fund, are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District currently has three Enterprise Funds, the School Nutrition Fund, the Greenhouse Fund and the Pool Fund.

The required financial statements for the proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund - These are funds for which the District administers and accounts for certain federal and/or state grants on behalf of other Districts and certain revenue collected for District employee purchases of pop and related expenditures. Another example is the District 9 FHS/Hero program the District accounts for.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2007 compared to June 30, 2006.

Figure A-3  
Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-07
Current and other assets	\$ 8,222,024	6,193,173	81,498	69,458	8,303,522	6,262,631	32.59%
Capital assets	8,568,274	8,671,232	26,868	16,872	8,595,142	8,688,104	-1.07%
Total assets	16,790,298	14,864,405	108,366	86,330	16,898,664	14,950,735	13.03%
Long-term obligations	5,101,217	5,389,631	0	0	5,101,217	5,389,631	-5.35%
Other liabilities	6,404,454	5,279,552	5,833	365	6,410,287	5,279,917	21.41%
Total liabilities	11,505,671	10,669,183	5,833	365	11,511,504	10,669,548	7.89%
Net assets:							
Invested in capital assets, net of related debt	3,596,540	3,356,395	26,868	16,872	3,623,408	3,373,267	7.42%
Restricted	787,461	469,583	0	0	787,461	469,583	67.69%
Unrestricted	900,626	369,244	75,665	69,093	976,291	438,337	122.73%
Total net assets	\$ 5,284,627	4,195,222	102,533	85,965	5,387,160	4,281,187	25.83%

The District's combined net assets increased by 25.83%, or \$1,105,973, over the prior year. The largest portion of the District's net assets is the invested in capital assets, net of related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased 67.69%, or \$317,878, over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$537,954, or 122.73%. This is due mainly to the increase in General Fund carryover balance.

Figure A-4 shows the changes in net assets for the year ended June 30, 2007 compared to the year ended June 30, 2006.

Figure A-4  
Changes of Net Assets

	Governmental Activities		Business-type Activities		Total School District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-07
Revenues:							
Program revenues:							
Charges for services	\$ 318,213	469,393	164,333	184,024	482,546	653,417	-26.15%
Operating grants and contributions and restricted interest	1,560,777	1,651,275	353,081	345,855	1,913,858	1,997,130	-4.17%
Capital grants and contributions and restricted interest	0	290,547	0	0	0	290,547	-100.00%
General revenues:							
Property tax	4,087,274	3,431,974	0	0	4,087,274	3,431,974	19.09%
Local option sales and services tax	844,418	643,871	0	0	844,418	643,871	31.15%
Unrestricted state grants	4,301,862	4,100,940	0	0	4,301,862	4,100,940	4.90%
Other	219,197	73,762	410	343	219,607	74,105	196.35%
Total revenues	11,331,741	10,661,762	517,824	530,222	11,849,565	11,191,984	5.88%
Program expenses:							
Governmental activities:							
Instructional	6,562,214	6,316,294	1,204	0	6,563,418	6,316,294	3.91%
Support services	2,583,735	2,517,139	0	0	2,583,735	2,517,139	2.65%
Non-instructional programs	1,406	0	526,099	547,661	527,505	547,661	-3.68%
Other expenses	1,068,934	2,092,297	0	0	1,068,934	2,092,297	-48.91%
Total expenses	10,216,289	10,925,730	527,303	547,661	10,743,592	11,473,391	-6.36%
Excess(deficiency) of revenues over(under) expenses before other financing uses	1,115,452	(263,968)	(9,479)	(17,439)	1,105,973	(281,407)	-493.02%
Other financing uses, net	(26,047)	(23,571)	26,047	23,571	0	0	0.00%
Changes in net assets	1,089,405	(287,539)	16,568	6,132	1,105,973	(281,407)	-493.02%
Beginning net assets	4,195,222	4,482,761	85,965	79,833	4,281,187	4,562,594	-6.17%
Ending net assets	\$ 5,284,627	4,195,222	102,533	85,965	5,387,160	4,281,187	25.83%

In fiscal 2007, property tax and unrestricted state grants account for 74.03% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99.92% of the revenue from business type activities.

The District's total revenues were approximately \$11.85 million of which \$11.33 million was for governmental activities and approximately \$0.52 million was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 5.88% increase in revenues and a 6.36% decrease in expenses. Unrestricted state grants increased \$200,922 and local tax (property tax and local option sales tax) increased \$855,847 to fund increases in expenditures.

### Governmental Activities

Revenues for governmental activities were \$11,331,741 and expenses were \$10,216,289.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5  
Total and Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	2007	2006	Change 2006-07	2007	2006	Change 2006-07
Instruction	\$ 6,562,214	6,316,294	3.89%	5,005,743	4,504,376	11.13%
Support services	2,583,735	2,517,139	2.65%	2,583,735	2,511,513	2.88%
Non-instructional	1,406	0	100.00%	1,406	0	100.00%
Other expenses	1,068,934	2,092,297	-48.91%	746,415	1,498,626	-50.19%
Totals	\$ 10,216,289	10,925,730	-6.49%	8,337,299	8,514,515	-2.08%

- The cost financed by users of the District's programs was \$318,213.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,560,777.
- The net cost of governmental activities was financed with \$4,087,274 in local tax, \$844,418 in local option sales and service tax, \$4,301,862 in state grants and \$90,858 in interest income.

### Business-Type Activities

Revenues of the District's business-type activity were \$517,824 and expenses were \$527,303. The District's business-type activity is the School Nutrition Fund, the Greenhouse Fund and the Pool Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and a transfer from the PERL Fund to help cover costs associated with the pool the District maintains.

## INDIVIDUAL FUND ANALYSIS

As previously noted, the Columbus Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported combined fund balances of \$1,471,035, above last year's ending fund balances of \$938,952. The primary reason for the increase is associated with gains in fund balance by the PPEL, Capital Projects and the General Fund.

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### **Governmental Fund Highlights**

- The District's General Fund financial position is the product of many factors. Growth during the year in state and local source revenues resulted in an increase in revenues. The increase in revenues was more than enough to offset the increase in expenditures. This resulted in the increase in fund balance from \$383,562 in fiscal 2006 to \$668,708 in fiscal 2007.
- The Capital Projects fund balance overall increased from \$220,001 in fiscal 2006 to \$251,610 in fiscal 2007. The increase in fund balance for this fund is the result of increased revenues from SILO taxes due to more active sales receipts in Louisa and Muscatine Counties.
- The Special Revenue – Physical Plant and Equipment Levy (PPEL) Fund balance increase from \$11,551 in fiscal 2006 to \$81,933 in fiscal 2007. The increase in fund balance can be attributed to expenditures being appropriately shifted from time to time from the PPEL fund to the Capital Projects Fund. Fund expenditures, including the transfer to the Debt Service Fund totaled \$252,967 in 2006 compared to \$111,477 for 2007.

### **Proprietary Fund Highlights**

The School Nutrition Fund's balance increased from \$97,316 in fiscal 2006 to \$107,294 in fiscal 2007. Although revenues for the fund decreased as compared to fiscal 2006, the decrease in expenditures was greater, thus ensuring the positive gain.

The School Greenhouse Fund also showed a modest gain during the year ended June 30, 2007. The balance in this fund rose from \$1,568 to \$1,652. Fund revenues were more than expenses guaranteeing the rise.

The School Pool Fund balance increased from a deficit \$12,919 in 2006 to a deficit \$6,413 in 2007 due to revenue from the Public Education and Recreation Levy and contributions from the City of Columbus Junction and the United Fund. This represents a 50.36% increase from 2006 to 2007.

### **BUDGETARY HIGHLIGHTS**

The District's revenues were \$760,748 more than budgeted revenues, a variance of 7.09%. The most significant variance resulted from the District receiving more in local and federal sources than originally anticipated.

Initially, total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

During the year ended June 30, 2007, the District adopted one budget amendment increasing total expenditures by \$628,527. Although the budget was amended, District expenditures exceeded the budgeted amount in the non-instructional programs function.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2007, the District had invested \$8,595,142, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities and transportation equipment. (See Figure A-6) This amount represents a net decrease of 1.07% from last year. More detailed information about capital assets is available in Note 5 to the financial statements. Depreciation expense for the year was \$402,389.

The original cost of the District's capital assets was \$13,393,294. Governmental funds account for \$13,301,345 with the remainder of \$91,949 in the Proprietary, School Nutrition Fund.

The largest percentage change in capital asset activity during the year occurred in the construction in progress category. The District's construction in progress totaled \$223,066 at June 30, 2006 as compared to \$183,960 at June 30, 2007.

Figure A-6  
Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2007	2006	2007	2006	2007	2006	2006-07
Land	\$ 406,285	406,285	0	0	406,285	406,285	0.00%
Construction in progress	183,960	223,066	0	0	183,960	223,066	-17.53%
Buildings	7,125,014	7,115,329	0	0	7,125,014	7,115,329	0.14%
Land improvements	442,951	458,381	0	0	442,951	458,381	-3.37%
Machinery and equipment	410,064	468,171	26,868	16,872	436,932	485,043	-9.92%
Total	\$ 8,568,274	8,671,232	26,868	16,872	8,595,142	8,688,104	-1.07%

### Long-Term Debt

At June 30, 2007, the District had \$5,101,217 in general obligation bonds payable, revenue bonds payable, and other long-term debt outstanding. (See Figure A-7) More detailed information about the District's long-term liabilities is available in Note 6 to the financial statements.

Figure A-7  
Outstanding Long-Term Obligations

	Total School District		Total Change
	June 30,		June 30,
	2007	2006	2006-07
General obligation bonds	\$ 3,190,000	3,410,000	-6.5%
Revenue bonds	750,000	850,000	-11.8%
QZAB	1,000,000	1,000,000	0.0%
Copier leases	31,734	54,837	-42.1%
Early retirement	37,397	74,794	-50.0%
Compensated absences	92,086	0	100.0%
Total	\$ 5,101,217	5,389,631	-5.4%

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## **ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could affect its financial health in the future:

- The state's economy is showing limited signs of economic recovery. A weaker economy adversely impacts the amount of new general fund money available to the District. Also continued budget concerns at state level will affect future projections. The District will continue to be forced to shift funding to property taxes and income surtaxes.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tanya Purdy, Business Manager/District Secretary, Columbus Community School District, 819 North 16<sup>th</sup> Street, Columbus Junction, Iowa, 52738.

## BASIC FINANCIAL STATEMENTS



COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2007

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and pooled investments:			
ISCAP(Note 4)	\$ 1,715,495	0	1,715,495
Other	2,107,501	73,573	2,181,074
Receivables:			
Property tax:			
Delinquent	44,925	0	44,925
Succeeding year	3,442,796	0	3,442,796
Income surtax	365,003	0	365,003
Accounts	5,399	195	5,594
Accrued interest:			
ISCAP(Note 4)	58,424	0	58,424
Due from other governments	482,481	0	482,481
Inventories	0	7,730	7,730
Capital assets, net of accumulated depreciation(Note 5)	8,568,274	26,868	8,595,142
<b>TOTAL ASSETS</b>	<b>16,790,298</b>	<b>108,366</b>	<b>16,898,664</b>
<b>LIABILITIES</b>			
Accounts payable	1,109,918	862	1,110,780
ISCAP warrants payable(Note 4)	1,719,000	0	1,719,000
ISCAP interest payable(Note 4)	53,455	0	53,455
ISCAP unamortized premium	9,344	0	9,344
Accrued interest payable	18,468	0	18,468
Deferred revenue:			
Succeeding year property tax	3,442,796	0	3,442,796
Unearned revenue	0	4,971	4,971
Other	51,473	0	51,473
Long-term liabilities(Note 6):			
Portion due within one year:			
General obligation bonds payable	230,000	0	230,000
Revenue bonds payable	110,000	0	110,000
Copier leases payable	21,655	0	21,655
Early retirement payable	37,397	0	37,397
Compensated absences	92,086	0	92,086
Portion due after one year:			
General obligation bonds payable	2,960,000	0	2,960,000
QZAB bonds payable	1,000,000	0	1,000,000
Revenue bonds payable	640,000	0	640,000
Copier leases payable	10,079	0	10,079
<b>TOTAL LIABILITIES</b>	<b>11,505,671</b>	<b>5,833</b>	<b>11,511,504</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	3,596,540	26,868	3,623,408
Restricted for:			
Salary improvement program	4,203	0	4,203
Additional teacher contract day	310	0	310
Market factor	7,564	0	7,564
Beginning administrator mentoring	1,500	0	1,500
Talented and gifted	7,515	0	7,515
Early intervention	1,439	0	1,439
Management levy	73,466	0	73,466
Physical plant and equipment levy	81,933	0	81,933
Public education and recreation levy	324	0	324
Capital projects	251,610	0	251,610
Debt service	330,283	0	330,283
Other special revenue purposes	27,314	0	27,314
Unrestricted	900,626	75,665	976,291
<b>TOTAL NET ASSETS</b>	<b>\$ 5,284,627</b>	<b>102,533</b>	<b>5,387,160</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Restricted Interest		Govern-mental Activities	Business-Type Activities	Total
Expenses						
Functions/Programs						
Governmental activities:						
Instruction:						
Regular instruction	\$ 4,268,120	166,444	1,170,679	(2,930,997)	0	(2,930,997)
Special instruction	1,104,438	15,499	60,503	(1,028,436)	0	(1,028,436)
Other instruction	1,189,656	136,270	7,076	(1,046,310)	0	(1,046,310)
	6,562,214	318,213	1,238,258	(5,005,743)	0	(5,005,743)
Support services:						
Student services	270,685	0	0	(270,685)	0	(270,685)
Instructional staff services	516,423	0	0	(516,423)	0	(516,423)
Administration services	756,199	0	0	(756,199)	0	(756,199)
Operation and maintenance of plant services	702,496	0	0	(702,496)	0	(702,496)
Transportation services	337,932	0	0	(337,932)	0	(337,932)
Other support services	0	0	0	0	0	0
	2,583,735	0	0	(2,583,735)	0	(2,583,735)
Non-instructional programs:						
Food service operations	1,406	0	0	(1,406)	0	(1,406)
Other expenditures:						
Facilities acquisitions	280,267	0	0	(280,267)	0	(280,267)
Long-term debt interest	168,595	0	0	(168,595)	0	(168,595)
AEA flowthrough	322,519	0	322,519	0	0	0
Depreciation (unallocated)*	297,553	0	0	(297,553)	0	(297,553)
	1,068,934	0	322,519	(746,415)	0	(746,415)
Total governmental activities	10,216,289	318,213	1,560,777	(8,337,299)	0	(8,337,299)
Business-Type activities:						
Instruction:						
Other instruction	1,204	0	0	0	(1,204)	(1,204)
Non-instructional programs:						
Nutrition services	494,718	151,205	353,081	0	9,568	9,568
Community services	31,381	13,128	0	0	(18,253)	(18,253)
Total business-type activities	527,303	164,333	353,081	0	(9,889)	(9,889)
Total	\$ 10,743,592	482,546	1,913,858	(8,337,299)	(9,889)	(8,347,188)
General Revenues and Transfers:						
Property tax levied for:						
General purposes			\$ 3,509,022	0	3,509,022	
Debt service			370,685	0	370,685	
Capital outlay			207,567	0	207,567	
Local option sales and services tax			844,418	0	844,418	
Unrestricted state grants			4,301,862	0	4,301,862	
Unrestricted investment earnings			90,858	410	91,268	
Other			128,339	0	128,339	
Transfers			(26,047)	26,047	0	
Total general revenues			9,426,704	26,457	9,453,161	
Changes in net assets			1,089,405	16,568	1,105,973	
Net assets beginning of year			4,195,222	85,965	4,281,187	
Net assets end of year			\$ 5,284,627	102,533	5,387,160	

\* This amount excludes the depreciation that is included in the direct expense of various programs

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

	General	Other Nonmajor Governmental Funds	Total
<b>ASSETS</b>			
Cash and pooled investments			
ISCAP(Note 4)	\$ 1,715,495	0	1,715,495
Other	1,434,738	672,763	2,107,501
Receivables:			
Property tax			
Delinquent	34,778	10,147	44,925
Succeeding year	2,715,839	726,957	3,442,796
Income surtax	365,003	0	365,003
Accounts	4,021	1,378	5,399
Accrued interest:			
ISCAP(Note 4)	58,424	0	58,424
Due from other governments	180,454	302,027	482,481
<b>TOTAL ASSETS</b>	<b>\$ 6,508,752</b>	<b>1,713,272</b>	<b>8,222,024</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 925,930	183,988	1,109,918
ISCAP warrants payable(Note 4)	1,719,000	0	1,719,000
ISCAP interest payable(Note 4)	53,455	0	53,455
ISCAP unamortized premium	9,344	0	9,344
Deferred revenue:			
Succeeding year property tax	2,715,839	726,957	3,442,796
Income surtax	365,003	0	365,003
Other	51,473	0	51,473
Total liabilities	5,840,044	910,945	6,750,989
Fund balances:			
Reserved for:			
Salary improvement program	4,203	0	4,203
Additional teacher contract day	310	0	310
Market factor	7,564	0	7,564
Beginning administrator mentoring	1,500	0	1,500
Talented and gifted	7,515	0	7,515
Early intervention	1,439	0	1,439
Unreserved:			
Undesignated:			
General	646,177	0	646,177
Management levy	0	110,863	110,863
Physical plant and equipment levy	0	81,933	81,933
Public education and recreation levy	0	324	324
Capital projects	0	251,610	251,610
Debt service	0	330,283	330,283
Other special revenue purposes	0	27,314	27,314
Total fund balances	668,708	802,327	1,471,035
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,508,752</b>	<b>1,713,272</b>	<b>8,222,024</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2007

Total fund balances of governmental funds (page 16)	\$ 1,471,035
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	8,568,274
Accounts receivable income surtax, are not yet available to finance expenditures of the current fiscal period.	365,003
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(18,468)
Long-term liabilities, including general obligation bonds, QZAB bonds, revenues bonds, early retirement, copier lease payable and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(5,101,217)
Net assets of governmental activities (page 14)	\$ 5,284,627

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007

	General	Other Nonmajor Governmental Funds	Total
<b>REVENUES:</b>			
Local sources:			
Local tax	\$ 2,970,522	751,749	3,722,271
Local option sales and service tax	0	844,418	844,418
Tuition	154,807	0	154,807
Other	176,024	222,951	398,975
State sources	5,275,135	410	5,275,545
Federal sources	570,722	0	570,722
Total revenues	9,147,210	1,819,528	10,966,738
<b>EXPENDITURES:</b>			
Current:			
Instruction:			
Regular instruction	4,083,301	124,420	4,207,721
Special instruction	1,104,438	0	1,104,438
Other instruction	1,039,030	151,603	1,190,633
	6,226,769	276,023	6,502,792
Support services:			
Student services	274,990	1,399	276,389
Instructional staff services	382,567	139,093	521,660
Administration services	728,271	9,901	738,172
Operation and maintenance of plant services	653,585	59,676	713,261
Transportation services	273,363	7,516	280,879
	2,312,776	217,585	2,530,361
Non-instructional programs:			
Food service operations	0	1,406	1,406
Other expenditures:			
Facilities acquisitions	0	532,969	532,969
Long-term debt:			
Principal	0	343,103	343,103
Interest and fiscal charges	0	175,458	175,458
AEA flowthrough	322,519	0	322,519
	322,519	1,051,530	1,374,049
Total expenditures	8,862,064	1,546,544	10,408,608
Excess of revenues over expenditures	285,146	272,984	558,130
Other financing sources(uses):			
Transfer in	0	245,662	245,662
Transfer out	0	(271,709)	(271,709)
Total other financing sources(uses)	0	(26,047)	(26,047)
Net change in fund balances	285,146	246,937	532,083
Fund balance beginning of year	383,562	555,390	938,952
Fund balance end of year	\$ 668,708	802,327	1,471,035

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 JUNE 30, 2007

Net change in fund balances - total governmental funds (page 18) \$ 532,083

*Amounts reported for governmental activities in the  
 statement of activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceed depreciation expense and loss on disposal in the current year, as follows:

Expenditures for capital assets	\$ 295,467	
Depreciation expense	(398,425)	(102,958)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are the following:

Repaid	343,103
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

6,863

Income surtax account receivable is not available to finance expenditures of the current year period in the governmental funds.

365,003

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early Retirement	\$ 37,397	
Compensated absences	(92,086)	(54,689)

Changes in net assets of governmental activities (page 15) \$ 1,089,405

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2007

	School Nutrition	Green- house	Pool	Total
<b>Assets</b>				
Cash and pooled investments	\$ 78,327	1,652	(6,406)	73,573
Receivables:				
Accounts	0	0	195	195
Inventories	7,730	0	0	7,730
Capital assets, net of accumulated depreciation(Note 5)	26,868	0	0	26,868
<b>Total assets</b>	<b>112,925</b>	<b>1,652</b>	<b>(6,211)</b>	<b>108,366</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	660	0	202	862
Unearned revenue	4,971	0	0	4,971
<b>Total liabilities</b>	<b>5,631</b>	<b>0</b>	<b>202</b>	<b>5,833</b>
<b>Net assets</b>				
Invested in capital assets	26,868	0	0	26,868
Unrestricted	80,426	1,652	(6,413)	75,665
<b>Total net assets</b>	<b>\$ 107,294</b>	<b>1,652</b>	<b>(6,413)</b>	<b>102,533</b>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2007

	School Nutrition	Green- house	Pool	Total
OPERATING REVENUE:				
Local sources:				
Charges for services	\$ 151,205	1,288	11,840	164,333
OPERATING EXPENSES:				
Current:				
Instruction:				
Other instruction	0	1,204	0	1,204
Non-instructional programs:				
Food service and community service operations:				
Salaries	210,469	0	19,067	229,536
Benefits	41,845	0	2,008	43,853
Services	4,992	0	3,367	8,359
Supplies	233,334	0	6,657	239,991
Depreciation	3,964	0	0	3,964
Other	114	0	282	396
TOTAL OPERATING EXPENSES	494,718	1,204	31,381	527,303
OPERATING LOSS	(343,513)	84	(19,541)	(362,970)
NON-OPERATING REVENUES:				
State sources	6,629	0	0	6,629
Federal sources	346,452	0	0	346,452
Interest income	410	0	0	410
TOTAL NON-OPERATING REVENUES	353,491	0	0	353,491
Change in net assets before other financing sources	9,978	84	(19,541)	(9,479)
OTHER FINANCING SOURCES:				
Transfer in	0	0	26,047	26,047
Change in net assets	9,978	84	6,506	16,568
Net assets beginning of year	97,316	1,568	(12,919)	85,965
Net assets end of year	\$ 107,294	1,652	(6,413)	102,533

SEE NOTES TO FINANCIAL STATEMENTS.



COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2007

	School Nutrition	Green- house	Pool	Total
Cash flows from operating activities:				
Cash received from sale of lunches and breakfasts	\$ 141,628	0	0	141,628
Cash received from miscellaneous operating activities	14,651	1,288	11,970	27,909
Cash payments to employees for services	(252,314)	0	(21,075)	(273,389)
Cash payments to suppliers for goods or services	(207,629)	(1,204)	(10,229)	(219,062)
Net cash provided by (used in) operating activities	(303,664)	84	(19,334)	(322,914)
Cash flows from non-capital financing activities:				
Transfer from Public Education and Recreation Levy	0	0	26,047	26,047
State grants received	6,629	0	0	6,629
Federal grants received	312,728	0	0	312,728
Net cash provided by non-capital financing activities	319,357	0	26,047	345,404
Cash flows from capital and related financing activities:				
Purchase of capital assets	(13,960)	0	0	(13,960)
Cash flows from investing activities:				
Interest on investments	410	0	0	410
Net increase in cash and cash equivalents	2,143	84	6,713	8,940
Cash and cash equivalents at beginning of year	76,184	1,568	(13,119)	64,633
Cash and cash equivalents at end of year	\$ 78,327	1,652	(6,406)	73,573
Reconciliation of operating income(loss) to net cash provided by(used in) operating activities:				
Operating income(loss)	\$ (343,513)	84	(19,541)	(362,970)
Adjustments to reconcile operating income(loss) to net cash provided by(used in) operating activities:				
Commodities consumed	33,724	0	0	33,724
Depreciation	3,964	0	0	3,964
Increase in inventories	(3,333)	0	0	(3,333)
Decrease in accounts receivable	103	0	130	233
Increase in accounts payable	420	0	77	497
Increase in unearned revenue	4,971	0	0	4,971
Net cash used in operating activities	\$ (303,664)	84	(19,334)	(322,914)
RECONCILIATION OF CASH AND CASH EQUIVALENTS AT YEAR END TO SPECIFIC ASSETS INCLUDED ON COMBINED BALANCE SHEET:				
Current assets:				
Cash and pooled investments	\$ 78,327	1,652	(6,406)	73,573

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the year ended June 30, 2007, the District received Federal commodities valued at \$33,724.

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2007

	<u>Private Purpose Trust Scholarship</u>	<u>Agency</u>
ASSETS		
Cash and pooled investments	<u>\$                  4,184</u>	<u>58</u>
LIABILITIES		
Due to other groups	<u>0</u>	<u>58</u>
NET ASSETS		
Reserved for scholarships	<u><u>\$                  4,184</u></u>	<u><u>0</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2007

	<u>Private Purpose</u> <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Contributions	<u>\$          18,674</u>
Deductions:	
Support services:	
Student services	<u>                  17,424</u>
Change in net assets	1,250
Net assets beginning of year	<u>                  2,934</u>
Net assets end of year	<u><u>\$                  4,184</u></u>

SEE NOTES TO FINANCIAL STATEMENTS.

COLUMBUS COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

**(1) Summary of Significant Accounting Policies**

The Columbus Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served primarily includes the Cities of Columbus Junction, Columbus City, Conesville, Cotter and Fredonia Iowa, and the predominate agricultural territory of Louisa and Muscatine Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Columbus Community School District has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Columbus Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Louisa and Muscatine County Assessors' Conference Board.

**B. Basis of Presentation**

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net assets use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net asset* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The District also reports three nonmajor proprietary funds which include the following:

The District's Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District's Enterprise, Greenhouse Fund is used to account for the transactions involved in the buying and selling of plants in the greenhouse the District operates.

The District's Enterprise, Pool Fund is used to account for the community services the District provides to patrons of the surrounding cities for usage of the swimming pool the District operates.

The District also reports two fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are

incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Balances

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each

year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, machinery and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 2,500
Buildings	2,500
Land improvements	2,500
Machinery and equipment:	
School Nutrition Fund equipment	500
Other machinery and equipment	2,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings	10-40 years
Land improvements	10-20 years
Machinery and equipment	5-15 years



Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which is payable in July, have been accrued as liabilities when applicable.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Unearned Revenue - Unearned revenues in the School Nutrition Fund are monies collected for lunches that have not yet been served. The lunch account balances will either be reimbursed or served lunches. The revenue will be considered earned when services are provided. The lunch account balances are reflected on the Statement of Net Assets in the Proprietary Funds.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Balances - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, expenditures in the non-instructional programs function exceeded the amount budgeted.

#### (2) **Cash and Pooled Investments**

The District's deposits at June 30, 2007 were entirely covered by federal depository insurance or State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. At June 30, 2007, the District had no investments to be reported.

#### (3) **Interfund Transfers**

The detail of transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	\$ 140,157
Debt Service	Physical Plant and Equipment Levy	105,505
Enterprise Pool Fund	Public Education and Recreation Levy	26,047
Total		<u>\$ 271,709</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

#### (4) **Iowa School Cash Anticipation Program (ISCAP)**

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2007 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2006-07A	6/28/2006	6/28/2007	\$ 0	39,851	0	37,669
2006-07B	1/26/2007	1/25/2008	810,927	18,303	813,000	15,555
2007-08A	6/27/2007	6/27/2008	904,568	270	906,000	231
Total			<u>\$ 1,715,495</u>	<u>58,424</u>	<u>1,719,000</u>	<u>53,455</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts, and must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2007 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2006/07A	\$ 0	600,000	600,000	0

The warrants bear an interest rate and the available proceeds of the warrants are invested at an interest rate as shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2006-07A	4.500%	5.676%
2006-07B	4.250%	5.315%
2007-08A	4.500%	5.455%

#### (5) Capital Assets

Capital assets activity for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-type activities:				
Machinery and equipment	\$ 77,989	13,960	0	91,949
Less accumulated depreciation	61,117	3,964	0	65,081
Business-type activities capital assets, net	<u>\$ 16,872</u>	<u>9,996</u>	<u>0</u>	<u>26,868</u>

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 406,285	0	0	406,285
Construction in progress	223,066	183,960	223,066	183,960
Total capital assets not being depreciated	629,351	183,960	223,066	590,245
Capital assets being depreciated:				
Buildings	10,051,834	261,803	0	10,313,637
Land improvements	953,504	30,005	0	983,509
Machinery and equipment	1,371,189	42,765	0	1,413,954
Total capital assets being depreciated	12,376,527	334,573	0	12,711,100
Less accumulated depreciation for:				
Buildings	2,936,505	252,118	0	3,188,623
Land improvements	495,123	45,435	0	540,558
Machinery and equipment	903,018	100,872	0	1,003,890
Total accumulated depreciation	4,334,646	398,425	0	4,733,071
Total capital assets being depreciated, net	8,041,881	(63,852)	0	7,978,029
Governmental activities capital assets, net	\$ 8,671,232	120,108	223,066	8,568,274

Depreciation expense was charged by the District as follows:

Governmental activities:	
Instruction:	
Regular	\$ 13,358
Other	7,533
Support services:	
Instructional staff	3,433
Administration	18,027
Operation and maintenance	1,468
Transportation	57,053
	100,872
Unallocated depreciation	297,553
Total governmental activities depreciation expense	\$ 398,425
Business-type activities:	
Food services	\$ 3,964

#### (6) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 3,410,000	0	220,000	3,190,000	230,000
Revenue Bonds	850,000	0	100,000	750,000	110,000
QZAB	1,000,000	0	0	1,000,000	0
Copier Leases	54,837	0	23,103	31,734	21,655
Early Retirement	74,794	0	37,397	37,397	37,397
Compensated absences	0	92,086	0	92,086	92,086
Total	\$ 5,389,631	92,086	380,500	5,101,217	491,138

### General Obligation Bonds Payable

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of December 1, 1998				
	Interest Rates		Principal	Interest	Total
2008	4.15	% \$	230,000	141,468	371,468
2009	4.15		240,000	131,922	371,922
2010	4.20		250,000	121,963	371,963
2011	4.25		260,000	111,462	371,462
2012	4.25		275,000	100,413	375,413
2013	4.35		285,000	88,725	373,725
2014	4.50		300,000	76,327	376,327
2015	4.55		315,000	62,827	377,827
2016	4.60		330,000	48,495	378,495
2017	4.70		345,000	33,315	378,315
2018	4.75		360,000	17,100	377,100
Total			\$ 3,190,000	934,017	4,124,017

### Revenue Bonds Payable

Details of the District's June 30, 2007 local option sales and service tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of March 1, 2005				
	Interest Rates		Principal	Interest	Total
2008	2.650	% \$	110,000	21,555	131,555
2009	2.750		115,000	18,517	133,517
2010	2.950		115,000	15,239	130,239
2011	3.100		120,000	11,682	131,682
2012	3.200		75,000	8,622	83,622
2013	3.350		70,000	6,250	76,250
2014	3.450		70,000	3,870	73,870
2015	3.550		75,000	1,331	76,331
Total			\$ 750,000	87,066	837,066

The local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of the District's geothermal HVAC project. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional limitation of the District.

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) \$85,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited to the Project Account.

- b) All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.

#### Qualified Zone Academy Bonds (QZAB) Payable

In December of 2004, the District issued \$1,000,000 of QZAB bonds to finance a portion of the costs of the geothermal HVAC project. The District deposits \$82,175 annually into an escrow account, which is held by Banker's Trust on behalf of the District. Funds in the escrow account will be used to repay the bonds when they mature. The escrow account earns interest at 2%.

#### Copier Leases Payable

The District has entered into contractual agreements to lease copiers. The leases are considered as lease-purchase agreements where ownership of the copiers transfers to the District once the terms of the leases expire. Details of the yearly payment of the District's June 30, 2007 copier leases payable indebtedness are as follows:

Year Ending June 30,	Leases Dated October 5, 2005 Payments
2008	\$ 21,655
2009	6,456
2010	3,623
Total	<u>\$ 31,734</u>

#### Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least fifty-nine years of age and employees must have completed fifteen years of continuous service to the District. Employees must complete an application, which is required to be approved by the Board of Education. During the year ended June 30, 2007, the District paid early retirement benefits of \$37,397.

### **(7) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$292,794, \$313,804 and \$306,151 respectively, equal to the required contributions for each year.

**(8) Risk Management**

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$322,519 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(10) Budget Overexpenditure**

Per the Code of Iowa, expenditures may not legally exceed budgeted appropriations at the functional area level. During the year ended June 30, 2007, expenditures in the non-instructional programs function exceeded the amount budgeted.

**(11) Deficit Fund Balance**

The District has deficit net assets in the Enterprise, Pool Fund of \$6,413.

**(12) Construction Commitment**

As of June 30, 2007, costs of \$183,960 had been incurred for construction projects at the middle school. When construction is completed, the construction costs will be added to the capital assets.

REQUIRED SUPPLEMENTARY INFORMATION



COLUMBUS COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON OF REVENUES, EXPENDITURES AND  
CHANGES IN BALANCES -  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS  
AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2007

	Governmental Fund Types Actual	Proprietary Fund Type Actual	Total Actual	Budgeted Amounts		Final to Actual Variance
				Original	Final	
Revenues:						
Local sources	\$ 5,120,471	164,743	5,285,214	4,640,854	4,640,854	644,360
State sources	5,275,545	6,629	5,282,174	5,269,760	5,269,760	12,414
Federal sources	570,722	346,452	917,174	813,200	813,200	103,974
Total revenues	10,966,738	517,824	11,484,562	10,723,814	10,723,814	760,748
Expenditures:						
Instruction	6,502,792	1,204	6,503,996	6,377,400	6,652,903	148,907
Support services	2,530,361	0	2,530,361	2,689,200	2,689,200	158,839
Non-instructional programs	1,406	526,099	527,505	459,000	459,000	(68,505)
Other expenditures	1,374,049	0	1,374,049	1,063,270	1,416,294	42,245
Total expenditures	10,408,608	527,303	10,935,911	10,588,870	11,217,397	281,486
Excess(Deficiency) of revenues over(under) expenditures	558,130	(9,479)	548,651	134,944	(493,583)	1,042,234
Other financing sources, net	(26,047)	26,047	0	(1,709)	(1,709)	1,709
Excess(Deficiency)of revenues and other financing sources over(under) expenditures	532,083	16,568	548,651	133,235	(495,292)	1,043,943
Balance beginning of year	938,952	85,965	1,024,917	465,017	465,017	(559,900)
Balance end of year	\$ 1,471,035	102,533	1,573,568	598,252	(30,275)	484,043

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
YEAR ENDED JUNE 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2007, the District adopted one budget amendment increasing total expenditures by \$628,527. Expenditures in the non-instructional function exceeded the budgeted amount during the year ended June 30, 2007.

OTHER SUPPLEMENTARY INFORMATION

COLUMBUS COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2007

	Special Revenue Funds							Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Public Education and Recreation Levy	Total Special Revenue Funds	Capital Projects	Debt Service	
ASSETS								
Cash and pooled investments	\$ 108,501	30,422	81,100	(27)	219,996	127,474	325,293	672,763
Receivables:								
Property tax					0	0		
Current year delinquent	2,362	0	2,444	351	5,157	0	4,990	10,147
Succeeding year	140,000	0	188,511	26,978	355,489	0	371,468	726,957
Accounts	0	1,378	0	0	1,378	0	0	1,378
Due from other governments	0	0	0	0	0	302,027	0	302,027
<b>TOTAL ASSETS</b>	<b>\$ 250,863</b>	<b>31,800</b>	<b>272,055</b>	<b>27,302</b>	<b>582,020</b>	<b>429,501</b>	<b>701,751</b>	<b>1,713,272</b>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 0	4,486	1,611	0	6,097	177,891	0	183,988
Deferred revenue:								
Succeeding year property tax	140,000	0	188,511	26,978	355,489	0	371,468	726,957
Total liabilities	140,000	4,486	190,122	26,978	361,586	177,891	371,468	910,945
Fund balances:								
Reserved for debt service	0	0	0	0	0	0	330,283	330,283
Unreserved	110,863	27,314	81,933	324	220,434	251,610	0	472,044
Total fund balances	110,863	27,314	81,933	324	220,434	251,610	330,283	802,327
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 250,863</b>	<b>31,800</b>	<b>272,055</b>	<b>27,302</b>	<b>582,020</b>	<b>429,501</b>	<b>701,751</b>	<b>1,713,272</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007

	Special Revenue Funds							Total Other Nonmajor Governmental Funds
	Manage- ment Levy	Student Activity	Physical Plant and Equipment Levy	Public Education and Recreation Levy	Total Special Revenue Funds	Capital Projects	Debt Service	
REVENUES:								
Local sources:								
Local tax	\$ 173,497	0	181,553	26,014	381,064	844,418	370,685	1,596,167
Other	67,786	143,655	207	19	211,667	4,952	6,332	222,951
State sources	95	0	99	14	208	0	202	410
TOTAL REVENUES	241,378	143,655	181,859	26,047	592,939	849,370	377,219	1,819,528
EXPENDITURES:								
Current:								
Instruction:								
Regular instruction	124,420	0	0	0	124,420	0	0	124,420
Other instruction	4,242	147,361	0	0	151,603	0	0	151,603
Support services:								
Student services	1,399	0	0	0	1,399	0	0	1,399
Instructional staff services	0	0	0	0	0	139,093	0	139,093
Administration services	3,846	6,055	0	0	9,901	0	0	9,901
Operation and maintenance of plant services	48,162	0	0	0	48,162	11,514	0	59,676
Transportation services	7,516	0	0	0	7,516	0	0	7,516
Non-instructional programs:								
Food service operations	1,406	0	0	0	1,406	0	0	1,406
Other expenditures:								
Facilities acquisition	0	0	5,972	0	5,972	526,997	0	532,969
Long-term debt:								
Principal	0	0	0	0	0	0	343,103	343,103
Interest and fiscal charges	0	0	0	0	0	0	175,458	175,458
TOTAL EXPENDITURES	190,991	153,416	5,972	0	350,379	677,604	518,561	1,546,544
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	50,387	(9,761)	175,887	26,047	242,560	171,766	(141,342)	272,984
OTHER FINANCING SOURCES (USES):								
Transfers in	0	0	0	0	0	0	245,662	245,662
Transfers out	0	0	(105,505)	(26,047)	(131,552)	(140,157)	0	(271,709)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	(105,505)	(26,047)	(131,552)	(140,157)	245,662	(26,047)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	50,387	(9,761)	70,382	0	111,008	31,609	104,320	246,937
FUND BALANCE BEGINNING OF YEAR	60,476	37,075	11,551	324	109,426	220,001	225,963	555,390
FUND BALANCE END OF YEAR	\$ 110,863	27,314	81,933	324	220,434	251,610	330,283	802,327

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
 YEAR ENDED JUNE 30, 2007

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Interest	\$ 235	309	235	309
HS pop	2,654	5,751	5,547	2,858
Recycle pop cans	899	0	0	899
Elementary pop	3,821	2,297	3,161	2,957
Fitness pop	92	0	92	0
Crazy carmel corn	756	0	213	543
Elementary playground	3,292	2,630	1,627	4,295
MS fundraisers	11,075	16,263	14,026	13,312
HS fundraisers	2,516	770	0	3,286
Athletics	(13,668)	63,081	74,293	(24,880)
Speech and drama	(684)	350	282	(616)
Annual	(3,890)	5,738	5,265	(3,417)
Band activity	856	3,131	3,134	853
Vocal activity	2,016	1,532	1,292	2,256
Science and math	386	2,640	2,735	291
Cheerleaders	(451)	2,719	2,268	0
FCCLA	1,214	6,610	7,317	507
FFA	1,857	13,352	14,248	961
Indian Slough project	14,526	0	1,297	13,229
NHS	1,558	1,491	1,290	1,759
BPA	1,313	1,448	1,018	1,743
Student council	1,474	1,233	1,460	1,247
Class of 2006	178	0	178	0
Class of 2007	314	100	339	75
Class of 2008	1,165	2,127	3,054	238
Class of 2009	0	4,910	2,739	2,171
Class of 2010	0	400	25	375
Medical fund	1,292	0	0	1,292
Special olympics	0	266	0	266
Book fair	142	0	0	142
Close up	2,137	4,507	6,281	363
Total	\$ 37,075	143,655	153,416	27,314

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -  
 AGENCY FUND  
 YEAR ENDED JUNE 30, 2007

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
ASSETS				
Cash and pooled investments	\$ 106	127	175	58
LIABILITIES				
Due to other groups	\$ 106	127	175	58

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUND TYPES  
FOR THE LAST FOUR YEARS

		Modified Accrual Basis			
		Years Ended June 30,			
		2007	2006	2005	2004
Revenues:					
Local sources:					
Local tax	\$	4,566,689	4,074,041	3,604,805	3,346,463
Tuition		154,807	118,847	116,089	149,357
Other		398,975	481,653	393,851	417,144
State sources		5,275,545	4,982,827	5,071,177	4,738,819
Federal sources		570,722	1,061,740	1,042,930	937,005
Total	\$	10,966,738	10,719,108	10,228,852	9,588,788
Expenditures:					
Instruction:					
Regular instruction	\$	4,207,721	3,928,092	4,077,526	3,724,275
Special instruction		1,104,438	1,832,974	1,075,122	1,744,199
Other instruction		1,190,633	585,318	1,037,128	620,153
Support services:					
Student services		276,389	325,815	297,838	90,198
Instructional staff services		521,660	484,429	488,836	402,674
Administration services		738,172	658,865	597,866	609,438
Operation and maintenance of plant services		713,261	712,201	716,645	685,785
Transportation services		280,879	326,644	353,091	324,195
Other support services		0	0	0	11,475
Non-instructional programs		1,406	0	0	174,882
Other expenditures:					
Facilities acquisitions		532,969	1,616,647	1,436,015	45,838
Long-term debt:					
Principal		343,103	309,553	484,403	362,255
Interest and other charges		175,458	187,171	189,510	199,401
AEA flow-through		322,519	303,124	304,877	296,901
Total	\$	10,408,608	11,270,833	11,058,857	9,291,669

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.



COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2007

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
INDIRECT:			
DEPARTMENT OF AGRICULTURE:			
IOWA DEPARTMENT OF EDUCATION:			
SECONDARY AND TWO-YEAR POST SECONDARY			
AGRICULTURE EDUCATION CHALLENGE GRANTS	10.226	FY 07	\$ 13,451
FOOD DONATIONS (non-cash)	10.550	FY 07	33,724
SCHOOL NUTRITION CLUSTER PROGRAMS:			
SCHOOL BREAKFAST PROGRAM	10.553	FY 07	71,408
NATIONAL SCHOOL LUNCH PROGRAM	10.555	FY 07	241,320
			312,728
FOOD STAMP CLUSTER PROGRAMS:			
STATE ADMINISTRATIVE MATCHING			
GRANTS FOR FOOD STAMP PROGRAM	10.561	FY 07	13,755
DEPARTMENT OF EDUCATION:			
IOWA DEPARTMENT OF EDUCATION:			
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1701-G FY 06	15,627
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1701-G FY 07	194,620
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.010	1701-GC	15,833
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.011	1701-M	34,182
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	84.011	1701-MC	13,989
			274,251
SAFE AND DRUG-FREE SCHOOLS AND			
COMMUNITIES - STATE GRANTS	84.186	FY 06	235
SAFE AND DRUG-FREE SCHOOLS AND			
COMMUNITIES - STATE GRANTS	84.186	FY 07	4,985
			5,220
STATE GRANTS FOR INNOVATIVE PROGRAMS			
(TITLE V PROGRAM)	84.298	FY 07	2,038
EDUCATION TECHNOLOGY STATE GRANTS	84.318	FY 07	3,000
ADVANCED PLACEMENT PROGRAM	84.330	FY 07	113

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2007

GRANTOR/PROGRAM	CFDA NUMBER	GRANT NUMBER	PROGRAM EXPENDITURES
COMPREHENSIVE SCHOOL REFORM DEMONSTRATION (HIGH SCHOOLS THAT WORK)	84.332	FY 07	17,788
COMPREHENSIVE SCHOOL REFORM DEMONSTRATION (MIDDLE SCHOOLS THAT WORK)	84.332	FY 07	48,499
			<u>66,287</u>
READING FIRST STATE GRANTS	84.357	FY 07	<u>35,502</u>
TITLE IIA - FEDERAL TEACHER QUALITY PROGRAM	84.367	FY 07	<u>37,233</u>
GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES(TITLE VI)	84.369	FY 07	<u>6,875</u>
AREA EDUCATION AGENCY: SPECIAL EDUCATION - GRANTS TO STATES(PART B)	84.027	FY 07	<u>60,503</u>
EARLY READING FIRST	84.359	FY 07	<u>22,753</u>
ENGLISH LANGUAGE ACQUISITION STATE GRANTS(TITLE III)	84.365	FY 06	9,218
ENGLISH LANGUAGE ACQUISITION STATE GRANTS(TITLE III)	84.365	FY 07	6,225
			<u>15,443</u>
TOTAL			<u>\$ 902,876</u>

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Columbus Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT.

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
117 West 3rd Street North, Newton, Iowa 50208-3050  
Telephone (641) 792-1910

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards

To the Board of Education of the  
Columbus Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Columbus Community School District as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 20, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Columbus Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Columbus Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Columbus Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Columbus Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Columbus Community School District's financial statements that is more than inconsequential will not be prevented or detected by Columbus Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Columbus Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-07 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Columbus Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Columbus Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Columbus Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Columbus Community School District and other parties to whom Columbus Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Columbus Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Nolte, Cornman & Johnson PC*  
NOLTE, CORNMAN & JOHNSON, P.C.

February 20, 2008

**NOLTE, CORNMAN & JOHNSON P.C.**  
**Certified Public Accountants**  
(a professional corporation)  
117 West 3rd Street North, Newton, Iowa 50208-3050  
Telephone (641) 792-1910

Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Board of Education of  
Columbus Community School District

Compliance

We have audited the compliance of Columbus Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Columbus Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Columbus Community School District's management. Our responsibility is to express an opinion on Columbus Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Columbus Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Columbus Community School District's compliance with those requirements.

In our opinion, Columbus Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Columbus Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Columbus Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Columbus Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-07 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We consider the significant deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-07 to be a material weakness.

Columbus Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Columbus Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Columbus Community School District and other parties to whom Columbus Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

  
NOLTE, CORNMAN & JOHNSON, P.C.

February 20, 2008

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A significant deficiency in internal control over major programs were disclosed by the audit of the financial statements, including a material weakness.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - Clustered
    - CFDA Number 10.553 - School Breakfast Program
    - CFDA Number 10.555 - National School Lunch Program
  - Individual
    - CFDA Number 84.010 - Title I Grants to Local Educational Agencies
    - CFDA Number 84.011 - Title I Grants to Local Educational Agencies (Migrant)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Columbus Community School District did not qualify as a low-risk auditee.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

- II-A-07 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, cash disbursements, bank deposits, posting of the cash receipts to the cash receipts journal and bank reconciliations were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We are always looking for ways to improve our internal controls and are willing to make changes that improve our situation.

Conclusion - Response accepted.

- II-B-07 Payroll Procedures - We noted during our audit that the District is not keeping track of hours worked for coaches who are non-certified staff.

We also noted that the District could not find a contract to support wages paid to an employee of the District.

Recommendation - In order to comply with the Department of Labor requirements on wage per hour contracts, the District needs to keep track of the hours worked for non-certified staff coaches.

The District should review procedures to ensure employee files are maintained properly throughout the year.

Response - We will have procedures in place to ensure that we receive time cards from all non-certified coaches and a contract or letter of employment from all employees.

Conclusion - Response accepted.

- II-C-07 Student Activity Fund - During our audit issues arose about the properness of certain accounts or certain receipts and expenditures collected/paid from the Student Activity Fund. Inappropriate expenditures would include any expenditure more appropriate to other funds. The student activity fund shall not be used as a clearing account for any other fund. This is not an appropriate fund to use for public tax funds, trust funds, state and federal grants or aids, textbook/library book fines, fees, rents, or sales, textbook/library book purchases, sales of school supplies, curricular activities, or any other revenues or expenditures more properly included in another fund. Moneys in this fund shall be used to support only the cocurricular program defined in department of education administrative rules (298A.8). Fundraisers and donations made to the school should be recorded in the fund in which they could be expended from.



Recommendation - The purpose of the Student Activity Fund is to account for financial transactions related to the cocurricular and extracurricular activities offered as a part of the education program for the students established under Iowa Administrative Code 281-12.6(1).

Donations from Box Tops for Education as well as Target donations were recorded in accounts in the Student Activity Fund. These donations do not specify the purpose, other than instructional supplies; therefore, they should be receipted into the General Fund for use in all instructional supplies/services.

There are pop accounts for the various building in the District. Expenditures from these accounts are to stock the faculty break rooms with beverages and meals for staff meetings. These accounts appear to be administratively run and should not be contained within the Activity Fund. The accounts appear to be more appropriate in the General Fund.

There is a recycle pop cans account. This account appears to be run by the science teachers employed by the District to buy instructional supplies for science classrooms. An account maintained in this manner would be more appropriately handled through the General Fund.

Lifetouch picture commissions were being placed in the Activity Fund. Commissions received should be receipted to the General Fund.

The crazy carmel corn account appears to be used for special education field trips. Field trips are considered instructional in nature and would be more appropriately handled in the General Fund.

There is a medical fund account. Expenditures from this account appear to be for supplies for the nurses' offices maintained by the District. Donations received by this account appear to be given for this purpose. Revenues and expenditures in this account would be more appropriately handled through the General Fund.

There is an elementary playground account that is used to collect donations to purchase playground equipment at the elementary. Revenues and subsequent expenditures for this purpose would be more appropriately run through the Special Revenue, Physical Plant and Equipment Levy Fund (PPEL). The District should transfer remaining monies in this account to the PPEL Fund.

Response - In the future we will receipt Target and Box Top donations as well as Lifetouch picture commissions to the General Fund.

The following accounts will be transferred to the General Fund: the pop accounts, recycle pop cans, medical fund, united fund and the crazy carmel corn.

The elementary playground account will be transferred to the PPEL Fund.

Conclusion - Response accepted.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

SIGNIFICANT DEFICIENCIES:

CFDA Number 10.553: School Breakfast Program and  
CFDA Number 10.555: National School Lunch Program  
Federal Award Year: 2007  
U.S. Department of Agriculture  
Passed through the Iowa Department of Education

CFDA Number 84.010: Title I Grants to Local Educational Agencies  
Federal Award Year: 2006 & 2007  
U.S. Department of Education  
Passed through the Iowa Department of Education

CFDA Number 84.011: Title I Grants to Local Educational Agencies (Migrant)  
Federal Award Year: 2007  
U.S. Department of Education  
Passed through the Iowa Department of Education

III-A-07 Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that the cash receipts listing, cash disbursements, bank deposits, posting of the cash receipts to the cash receipts journal and bank reconciliations were all done by the same person.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However the District should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We are always looking for ways to improve our internal controls and are willing to make changes that improve our situation.

Conclusion - Response accepted.

COLUMBUS COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-07 Certified Budget - District disbursements for the year ended June 30, 2007, exceeded the amount budgeted in the non-instructional function.

Recommendation - The budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - We will amend the budget if necessary in the future.

Conclusion - Response accepted.

IV-B-07 Questionable Disbursements - We noted no disbursements that may not meet the requirements for public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-07 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-07 Business Transactions - No business transactions between the District and District officials were noted.

IV-E-07 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-07 Board Minutes - We noted no transactions requiring Board approval which have not been approved by the Board.

IV-G-07 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

IV-H-07 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

IV-I-07 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

IV-J-07 Financial Condition - During our audit we noted that the District had three negative account balances in the Student Activity Fund totaling \$28,913. The District also has deficit net assets in the Enterprise, Pool Fund of \$6,413.

Recommendation - The District should review purchase approval procedures for the Student Activity Fund and may wish to require additional approval before ordering goods or services from these accounts. The District should investigate alternatives to eliminate these deficit balances.

Response - We have implemented new procedures for purchasing and will make every attempt to maintain positive Student Activity Fund balances. We will investigate ways to eliminate the deficit in the Enterprise, Pool Fund.

Conclusion - Response accepted.